

NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

NOTICE OF PROPOSED RULEMAKING

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 11. STATE BOARD OF DENTAL EXAMINERS

[R06-368]

PREAMBLE

1. Sections Affected

R4-11-101
R4-11-502
R4-11-601
R4-11-609
R4-11-1204

Rulemaking Action

Amend
New Section
Amend
New Section
Amend

2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 32-1207(A)(1), (4), (7) and (B)(3)
Implementing statutes: A.R.S. §§ 32-1281, 32-1289, and 32-1291

3. A list of all previous notices appearing in the Register addressing the proposed rules:

Notice of Rulemaking Docket Opening, 12 A.A.R. 3379, September 15, 2006

4. The name and address of agency personnel with whom persons may communicate regarding the rules:

Name: Julie N. Chapko, Executive Director
Address: Arizona State Board of Dental Examiners
5060 N. 19th Avenue, Suite 406
Phoenix, AZ 85015-3214
Telephone: (602) 242-1492
Fax: (602) 242-1445
E-mail: jchapko@azbodex.com

5. An explanation of the rules, including the agency's reasons for initiating the rules:

In 2004, the forty-sixth legislature passed H.B. 2194. H.B. 2194 made changes to A.R.S. 32-1281 requiring the Board to make rules regarding a dental hygienist's use of emerging scientific technology and prescribing the necessary training, experience and supervision to operate newly developed scientific technology. H.B. 2194 also made changes to A.R.S. § 32-1289 allowing affiliated practices between dentists and dental hygienists. A.R.S. § 32-1289 specifies the requirements for affiliated practice relationships and requires the Board to make rules to implement the statute. The proposed rules will amend R4-11-101 (Definitions), R4-11-601 (Duties and Qualifications), and R4-11-1204 (Dental Hygienists) and make two new Sections: R4-11-502 (Affiliated Practice) and R4-11-609 (Affiliated Practice). R4-11-101 will be amended to add new definitions for "polish" and "emerging scientific technology" and amend the definition of "recognized continuing dental education." A.R.S. § 32-1291 allows a dental assistant to polish the natural and restored surfaces of teeth under the general supervision of a dentist, but the statute does not define polish. The Board feels a definition for polish is necessary. A.R.S. § 32-1281(D) mandates that the Board write rules to prescribe the circumstances under which a licensed dental hygienist may use emerging scientific technology, but the statute does not define emerging scientific technology. The Board feels a definition for emerging scientific technology is necessary. During the forty-seventh legislative session, S.B. 1079 moved the definitions for "recognized dental school," "recog-

Notices of Proposed Rulemaking

nized dental hygiene school,” and “recognized denturist school” from A.R.S. § 32-1201(15), (14), and (16) to A.R.S. § 32-1201(17), (16), and (18), respectively. The renumbering in statute requires the Board to make corresponding citation changes in R4-11-101 (Definitions) and in R4-11-601(C) and (E). R4-11-601 will also be amended to add a subsection (H) that will specify the qualifications required of a dental hygienist to use emerging scientific technology. R4-11-1204 is being amended to allow a dental hygienist who obtains continuing education credits to meet the requirements for an affiliated practice relationship to apply those credit hours to the continuing education requirements specified in R4-11-1204. New Section R4-11-502 will specify the requirements for a dentist in an affiliated practice relationship with a dental hygienist. New Section R4-11-609 will specify the requirements that a dental hygienist must meet to perform dental hygiene services under an affiliated practice relationship with a dentist. The rules will include format, style, and grammar necessary to comply with the current rules of the Secretary of State and Governor’s Regulatory Review Council.

The Board, dentists, dental hygienists, dental assistants, and the public benefit from rules that are clear, concise, and understandable. The rules benefit the public health and safety by clearly establishing the standards for dental and dental hygiene practice, including the development and use of affiliated practice relationships and the use of emerging technologies.

6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, any analysis of each study, and other supporting material:

None

7. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

The proposed rules will impact the Board, dentists, dental hygienists, dental assistants, and the public. The proposed rules’ impact on the Board will be the usual rulemaking-related costs which are minimal. The Board estimates the proposed rules will have minimal economic impact on dentists, dental hygienists, and dental assistants. The proposed rules have no economic impact on the public.

The proposed rules will have minimal economic impact on dental assistants. The addition of the definition for “polish” in the rules clarifies the fact that dental assistants are allowed by A.R.S. § 32-1291 to assist a dentist in performing coronal polishing once the dental assistant has passed a Board approved examination. Dental assistants who complete training and pass the examination may receive increased wages for performing coronal polishing. There is no fee paid to the Board for certification to perform polishing, but the dental assistant must pay an examination fee to the Dental Assisting National Board to become certified. To date, approximately 220 individuals have completed the requirements for certification. Becoming certified is not required, unless you want to perform polishing services. The cost of the certification is minimal and is absolutely necessary before performing any polishing. The Board estimates that the minimal cost to become certified is offset by the possible increased wages that may be received after certification.

The proposed rules will have minimal economic impact on dentists and dental hygienists who enter into affiliated practice relationships. There is no Board fee for entering into an affiliated practice relationship. There may be minimal expense to the dentist and dental hygienist in preparing the contractual agreement. The rule provides for continuing education requirements, however, those continuing education hours may also be credited toward existing license renewal continuing education requirements. To date, the Board has been notified of seven dental hygienists who have entered into affiliated practice agreements.

The proposed rules will have minimal economic impact on dental hygienists who seek to use emerging technologies. There is no Board certification or fee for a dental hygienist to be eligible to use emerging technologies. As is the case with affiliated practice, the continuing education required by the rule may be applied toward license renewal continuing education requirements. The Board believes that a dental hygienist who becomes qualified to use some sort of emerging technology will command a higher wage. The possible increase in wage will offset any possible cost to the dental hygienist who seeks qualification in the use of an emerging technology.

The Board, dentists, dental hygienists, dental assistants, and the public benefit from rules that are clear, concise, and understandable. The rules benefit the public health and safety by clearly establishing the standards for dental and dental hygiene practice, including the development and use of affiliated practice relationships and the use of emerging technologies.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Julie N. Chapko, Executive Director

Address: Arizona State Board of Dental Examiners
5060 N. 19th Avenue, Suite 406

Phoenix, AZ 85015-3214
Telephone: (602) 242-1492
Fax: (602) 242-1445
E-mail: jchapko@azbodex.com

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rules or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rules:

Comments may be written or presented orally. Written comments must be received by 5 p.m., Monday, November 13, 2006. An oral proceeding is scheduled for:

Date: November 13, 2006
Time: 10:00 a.m.
Location: 5060 N. 19th Avenue, Suite 406
Phoenix, AZ 85015-3214

A person may request information about the oral proceeding by contacting the person listed above.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 11. STATE BOARD OF DENTAL EXAMINERS

ARTICLE 1. DEFINITIONS

Section
R4-11-101. Definitions

ARTICLE 5. DENTISTS

Section
R4-11-502. ~~Renumbered~~ Affiliated Practice

ARTICLE 6. DENTAL HYGIENISTS

Section
R4-11-601. Duties and Qualifications
R4-11-609. Affiliated Practice

ARTICLE 12. CONTINUING DENTAL EDUCATION AND RENEWAL REQUIREMENTS

Section
R4-11-1204. Dental Hygienists

ARTICLE 1. DEFINITIONS

R4-11-101. Definitions

The following definitions, and definitions in A.R.S. § 32-1201, apply to this Chapter:

- “Analgesia” No change
- “Anxiolysis” No change
- “Application” No change
- “Business Entity” No change
- “Calculus” No change
- “Certificate holder” No change
- “Charitable Dental Clinic or Organization” No change
- “Clinical evaluation” No change

- “Closed subgingival curettage” No change
- “Combination inhalation and enteral conscious sedation” No change
- “Conscious sedation” No change
- “Controlled substance” No change
- “Credit hour” No change
- “Deep sedation” No change
- “Dental laboratory technician” or “dental technician” No change
- “Dentist of record” No change
- “Designee” No change
- “Direct supervision” No change
- “Disabled” No change
- “Direct supervision” No change
- “Dispense for profit” No change
- “Documentation of attendance” No change
- “Drug” No change
- “Emerging scientific technology” means any technology used in the treatment of oral disease that is not currently generally accepted or taught in a recognized dental or dental hygiene school and its use poses material risks.
- “Enteral” No change
- “Epithelial attachment” No change
- “Ex-parte communication” No change
- “General anesthesia” No change
- “General supervision” No change
- “Homebound patient” No change
- “Informal interview” No change
- “Intravenous or intramuscular sedation” No change
- “Investigative interview” No change
- “Irreversible procedure” No change
- “Jurisdiction” No change
- “Licensee” No change
- “Local anesthesia” No change
- “Nitrous oxide analgesia” No change
- “Nonsurgical periodontal treatment” No change
- “Nurse anesthetist” No change
- “Official compendium” No change
- “Outpatient” No change
- “Oral conscious sedation” No change
- “Patient of record” No change
- “Periodontal examination and assessment” No change
- “Periodontal pocket” No change
- “Plaque” No change
- “Polish” means for the purposes of Article 7 only, a procedure limited to the removal of plaque and extrinsic stain from exposed natural and restored tooth surfaces that utilizes an appropriate rotary instrument with rubber cup or brush and polishing agent. This procedure shall not be intended or interpreted by itself as an oral prophylaxis.
- “Prescription-only device” No change
- “Prescription-only drug” No change
- “President’s designee” No change
- “Preventative and therapeutic agents” No change
- “Prophylaxis” No change
- “Public member” No change
- “Recognized continuing dental education” means a program whose content directly relates to the art and science of oral health and treatment, provided by a recognized dental school as defined in A.R.S. § 32-1201~~(15)~~(17), recognized dental hygiene school as defined in A.R.S. § 32-1201~~(14)~~(16), or recognized denturist school as defined in A.R.S. § 32-1201~~(16)~~(18), or sponsored by a national or state dental, dental hygiene, or denturist association, dental, dental hygiene, or denturist study club, governmental agency, or commercial dental supplier.
- “Representative” No change
- “Restricted permit holder” No change
- “Retired” No change
- “Root planing” No change
- “Scaling” No change

- “Section 1301 permit” No change
- “Section 1302 permit” No change
- “Section 1303 permit” No change
- “Semi-conscious sedation” No change
- “Study club” No change
- “Treatment records” No change
- “Triage” No change

ARTICLE 5. DENTISTS

R4-11-502. ~~Renumbered~~ Affiliated Practice

- A.** A dentist in a private, for profit setting shall not enter into more than 15 affiliated practice relationships at one time.
- B.** There is no limit to the number of affiliated practice relationships a dentist may enter into when working in a government, public health, or non-profit 501(C)(3) organization.
- C.** Each affiliated practice dentist shall be available telephonically or electronically during the business hours of the affiliated practice dental hygienist to provide an appropriate level of contact, communication, and consultation.
- D.** The affiliated practice agreement shall include a provision for a substitute dentist, to cover an extenuating circumstance that renders the affiliated practice dentist unavailable for contact, communication, and consultation with the affiliated practice dental hygienist.

ARTICLE 6. DENTAL HYGIENISTS

R4-11-601. Duties and Qualifications

- A.** No change
- B.** No change
 - 1. No change
 - 2. No change
 - 3. No change
- C.** The Board shall ensure that a dental hygienist is qualified to administer local anesthesia and nitrous oxide analgesia as authorized by A.R.S. § 32-1281(F)(1) and (2), by requiring evidence that the hygienist has completed courses in techniques taught at a recognized dental hygiene school or recognized dental school, as defined in A.R.S. § 32-1201(~~14~~)(16) and (~~15~~)(17), which consist of a minimum of 36 clock hours of instruction, and has passed examinations in theoretical knowledge and clinical competency in the following subject areas:
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change
 - 5. No change
 - 6. No change
 - 7. No change
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 - f. No change
 - g. No change
 - h. No change
 - i. No change
 - j. No change
- D.** No change
- E.** For purposes of qualification of a dental hygienist to place interrupted sutures as authorized by A.R.S. § 32-1281(F)(3), the Board recognizes courses in advanced periodontal therapy offered by a recognized dental hygiene school or a recognized dental school, as defined in A.R.S. § 32-1201(~~14~~)(16) and (~~15~~)(17), which consist of a minimum of 200 clock hours of instruction and successful completion of those examinations of a theoretical knowledge and clinical competency in the following subject areas:
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change

Notices of Proposed Rulemaking

- 5. No change
- 6. No change
- 7. No change
- 8. No change
- 9. No change
 - a. No change
 - b. No change
 - c. No change

F. No change

G. No change

H. To qualify to use emerging scientific technology as authorized by A.R.S. § 32-1281(D)(2), a dental hygienist shall successfully complete a course of study that meets the following criteria:

- 1. Is a course offered by a recognized dental school as defined in A.R.S. § 32-1201(15), a recognized dental hygiene school as defined in A.R.S. § 32-1201(14), or sponsored by a national or state dental or dental hygiene association or government agency;
- 2. Includes didactic instruction with a written examination;
- 3. Includes hands-on clinical instruction; and
- 4. Is scientifically based and supported by studies published in peer reviewed dental journals.

R4-11-609. Affiliated Practice

A. To perform dental hygiene services under an affiliated practice relationship pursuant to A.R.S. § 32-1289 a dental hygienist shall:

- 1. Provide evidence to the Board of successfully completing a total of 12 hours of recognized continuing education that consists of the following subject areas:
 - a. A minimum of four hours in medical emergencies; and
 - b. A minimum of eight hours in more than one of the following areas:
 - i. Pediatric or other special health care needs,
 - ii. Preventative dentistry, or
 - iii. Public health community-based dentistry, and
- 2. Hold a current certificate in basic cardiopulmonary resuscitation (CPR).

B. A dental hygienist shall complete the required continuing education before entering an affiliated practice relationship and thereafter before each subsequent license renewal. The continuing education may be taken online but cannot exceed the allowable hours indicated in R4-11-1209(B)(1).

C. To comply with A.R.S. § 32-1289(E) and (F) and this Section, a dental hygienist shall submit a completed affidavit on a form supplied by the Board office for review by Board staff to determine compliance with all requirements.

D. A dental hygienist who practices or applies to practice under an affiliated practice relationship shall ensure that all affiliated practice agreements, amendments, notifications, and affidavits are notarized.

E. Each affiliated practice dentist shall be available telephonically or electronically during the business hours of the affiliated practice dental hygienist to provide an appropriate level of contact, communication, and consultation.

F. The affiliated practice agreement shall include a provision for a substitute dentist, to cover an extenuating circumstance that renders the affiliated practice dentist unavailable for contact, communication, and consultation with the affiliated practice dental hygienist.

ARTICLE 12. CONTINUING DENTAL EDUCATION AND RENEWAL REQUIREMENTS

R4-11-1204. Dental Hygienists

A dental hygienist shall complete 54 credit hours of recognized continuing dental education in each renewal period as follows:

- 1. At least 34 credit hours of recognized continuing dental education in one or more of the following areas: Dental and medical health, cardiopulmonary resuscitation, and dental hygiene services, periodontal disease, care of implants, maintenance of cosmetic restorations and sealants, radiology safety and techniques, managing medical emergencies in addition to CPR, and new concepts in dental hygiene. A licensee who performs dental hygiene services under an affiliated practice relationship who is required to obtain continuing education under R4-11-609 may apply those credit hours to the requirements of this Section;
- 2. No change
- 3. No change
- 4. No change

NOTICE OF PROPOSED RULEMAKING

TITLE 17. TRANSPORTATION

CHAPTER 1. DEPARTMENT OF TRANSPORTATION - ADMINISTRATION

[R06-363]

PREAMBLE

1. **Sections affected:** R17-1-202
Rulemaking Action: Amend
2. **The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statute: A.R.S. § 28-366
Implementing statute: A.R.S. §§ 12-351 and 28-455
3. **A list of all previous notices appearing in the Register addressing the proposed rule:**
Notice of Rulemaking Docket Opening: 12 A.A.R. 3568, September 29, 2006
4. **The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Celeste M. Cook, Administrative Rules Unit
Address: Department of Transportation, Motor Vehicle Division
1801 W. Jefferson St., Mail Drop 530M
Phoenix, AZ 85007
Telephone: (602) 712-7624
Fax: (602) 712-3081
E-mail: ccook@azdot.gov
Please visit the ADOT web site to track progress of this rule and any other agency rulemaking matters at <http://mvd.azdot.gov/mvd/MVDRules/rules.asp>.
5. **An explanation of the rule, including the agency's reasons for initiating the rule:**
The Division engages in this rulemaking to amend the existing rule to clarify the types of motor vehicle records provided by the Division and to update related citations. Changes are also made to ensure conformity to Arizona Administrative Procedures Act, Secretary of State, and Governor's Regulatory Review Council rulemaking format and style requirements.
6. **A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, any analysis of each study, and other supporting material:**
None
7. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable
8. **The preliminary summary of the economic, small business, and consumer impact:**
The only estimated impact to the Division as a result of these rules will be the resources necessary for rulemaking. There is no estimated impact to any other parties. See A.R.S. § 41-1055(A)(5).
9. **The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**
Name: Celeste M. Cook, Administrative Rules Unit
Address: Department of Transportation, Motor Vehicle Division
1801 W. Jefferson St., Mail Drop 530M
Phoenix, AZ 85007
Telephone: (602) 712-7624
Fax: (602) 712-3081
E-mail: ccook@azdot.gov

Notices of Proposed Rulemaking

Please visit the ADOT web site to track progress of this rule and any other agency rulemaking matters at <http://mvd.azdot.gov/mvd/MVDRules/rules.asp>.

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

An oral proceeding is not scheduled for these proposed rules. To request an oral proceeding or to submit a written faxed or e-mail comments, please contact the Administrative Rule Analyst listed in #4 between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays. If no request for an oral proceeding is made, the public record will close on November 13, 2006 at 5:00 p.m.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 17. TRANSPORTATION

CHAPTER 1. DEPARTMENT OF TRANSPORTATION - ADMINISTRATION

ARTICLE 2. FEES

Section
R17-1-202. MVD Record Copy Charges

ARTICLE 2. FEES

R17-1-202. MVD Record Copy Charges

~~A.~~ For each separate request, Motor Vehicle Division shall assess a charge for a provided record or for "no record found" according to the following schedule:

Description	Amount
A certified record as prescribed under A.R.S. § 28-446(D): Over the counter immediate and overnight service; Electronic batch; Mail-in request; Driver license photograph; Support document; or Electronic interactive.	\$5
A non-certified record as prescribed under A.R.S. § 28-446(A): Over the counter immediate service; Mail-in request; Electronic batch; Driver license photograph; Support document; or Electronic interactive	\$3
A non-certified record as prescribed under A.R.S. § 28-446(A): Electronic batch; or Over the counter overnight service.	\$2
A non-certified record as prescribed under A.R.S. § 28-446(A): Electronic interactive special MVR; • Providing lienholder information only.	\$1.50

~~B.A.~~ The Division shall assess the cost for civil subpoena support documentation as prescribed under A.R.S. § ~~12-351(F)~~ 12-351.

~~C.B.~~ The Division shall charge 25¢ per page for any item photocopied.

C. As prescribed under A.R.S. § 28-446, for each separate request, the Motor Vehicle Division shall assess a charge for a provided record or for “no record found” as provided in Table 1 Certified/Non-Certified Record Fees.

Table 1. Certified and Non-Certified Record Fees

<u>Description</u>	<u>Amount</u>
<u>A certified record:</u> <u>Over-the-counter immediate and overnight service;</u> <u>Mail-in request;</u> <u>Driver license photograph;</u> <u>Support document; or</u> <u>Electronic interactive.</u>	<u>\$5</u>
<u>A certified record:</u> <u>Electronic batch.</u>	<u>\$3</u>
<u>A non-certified record:</u> <u>Over-the-counter immediate service;</u> <u>Mail-in request;</u> <u>Driver license photograph;</u> <u>Support document; or</u> <u>Electronic interactive</u>	<u>\$3</u>
<u>A non-certified record:</u> <u>Electronic batch; or</u> <u>Over-the-counter overnight service.</u>	<u>\$2</u>
<u>A non-certified record providing lienholder information only:</u> <u>Over-the-counter immediate and overnight service;</u> <u>Mail-in request;</u> <u>Electronic interactive.</u>	<u>\$1.50</u>

NOTICE OF PROPOSED RULEMAKING

TITLE 17. TRANSPORTATION

**CHAPTER 4. ARIZONA DEPARTMENT OF TRANSPORTATION
TITLE, REGISTRATION, AND DRIVER LICENSES**

[R06-366]

PREAMBLE

1. Sections Affected

Article 7
R17-4-701
R17-4-702
R17-4-703
R17-4-704
R17-4-705
R17-4-706
R17-4-707
R17-4-708
R17-4-709
R17-4-710
R17-4-711

Rulemaking Action

New Article
New Section
New Section

Notices of Proposed Rulemaking

2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: A.R.S. § 28-366

Implementing statute: A.R.S. § 28-3103

3. A list of all previous notices appearing in the Register addressing the proposed rule:

Notice of Rulemaking Docket Opening: 11 A.A.R. 1289, April 1, 2005

Notice of Proposed Rulemaking: 11 A.A.R. 4938, November 25, 2005

Notice Termination of Rulemaking: 12 A.A.R. 2510, July 14, 2006

Notice of Rulemaking Docket Opening: 12 A.A.R. 3814, October 13, 2006

4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Janette M. Quiroz

Address: Arizona Department of Transportation
Administrative Rules Unit
1801 West Jefferson, MD 530M
Phoenix, AZ 85007

Telephone: (602) 712-8996

Fax: (602) 712-3081

E-mail: jmquiroz@azdot.gov

Please visit the Arizona Department of Transportation (ADOT) web site to track progress of this rule and any other agency rulemaking matters at <http://www.azdot.gov/mvd/mvdrules/rules.asp>

5. An explanation of the rule, including the agency's reasons for initiating the rule:

In accordance with 49 CFR 1572 and A.R.S. § 28-3103, MVD proposes to create rules requiring applicants successfully pass a Security Threat Assessment, conducted by the Transportation Security Administration, before the Division will issue a Hazardous Materials Endorsement (HME).

6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, any analysis of each study, and other supporting material:

Not applicable

7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

This proposed rulemaking would bring the State of Arizona regulations in line with the federal government's new regulations mandating all Commercial Driver License holders wishing to transport hazardous materials undergo a Security Threat Assessment, to be performed by the Transportation Security Administration, before issuance of an HME.

The new requirement governing the hauling of hazardous materials is an unfunded mandate. Therefore, ADOT incurred all cost associated with implementing the federal regulations.

Both the cost and benefit to ADOT in adopting these rules are substantial.

Arizona has funded all cost associated with implementation to include: System programming, driver notification, public and industry education, and other associated costs.

Arizona would stand to lose federal highway matching funds if the Arizona Legislature did not codify these requirements in statute, and administrative rules are not consequently adopted. Failure to implement the federal regulations could result in the state losing substantial federal funding, grant monies, and the ability to issue, renew, upgrade and transfer any Commercial Driver License.

The cost to commercial drivers wishing to obtain, renew, or transfer an HME is minimal. Drivers will be required to pay an additional \$94 fee for fingerprint and background services obtained through a federal third party, which provides oversight of the collection activities.

These rules enhance the state's ability to identify and deter the shipment and use of hazardous materials by terrorist. Drivers determined to pose a security threat will not be issued a hazardous materials endorsement.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Interested parties may communicate with the Agency official listed in item #4 concerning the economic impact statement.

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

An oral proceeding is not scheduled for these proposed rules. To request an oral proceeding or to submit written, faxed, or e-mail comments, please contact the rules analyst listed in #4 between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays. If no request for an oral proceeding is made, the public record in this rulemaking will close on November 13, 2006 at 5:00 p.m.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

12. Incorporations by reference and their location in the rules:

49 CFR 1572, November 24, 2004, R17-4-702

13. The full text of the rules follows:

TITLE 17. TRANSPORTATION

**CHAPTER 4. ARIZONA DEPARTMENT OF TRANSPORTATION
TITLE, REGISTRATION, AND DRIVER LICENSES**

ARTICLE 7. ~~RESERVED~~ HAZARDOUS MATERIALS ENDORSEMENT

Section

R17-4-701.	<u>Reeodified Definitions</u>
R17-4-702.	<u>Reeodified Scope</u>
R17-4-703.	<u>Reeodified General Provisions</u>
R17-4-704.	<u>Reeodified Requirements for an HME</u>
R17-4-705.	<u>Reeodified Required Testing</u>
R17-4-706.	<u>Reeodified Fees</u>
R17-4-707.	<u>Reeodified 60-Day Notice to Apply</u>
R17-4-708.	<u>Reeodified Security Threat Assessment</u>
R17-4-709.	<u>Reeodified Determination of Security Threat</u>
R17-4-710.	<u>Reeodified Requests for Administrative Hearing</u>
R17-4-711.	<u>HME on CDL Learner's Permit</u>

ARTICLE 7. ~~RESERVED~~ HAZARDOUS MATERIALS ENDORSEMENT

R17-4-701. Reeodified Definitions

In addition to the definitions contained in 49 CFR 1572, the following words and phrases apply to this Article:

1. "Applicant" means an individual who applies to obtain an original, renewal, or transfer HME.
2. "CDL" means Commercial Driver License.
3. "HME" means Hazardous Materials Endorsement
4. "TSA" means the Transportation Security Administration.
5. "Security Threat Assessment" means a check by TSA to include a fingerprint-based criminal history records check, an intelligence-related background check, and final disposition.

R17-4-702. Reeodified Scope

This Article applies to commercial drivers who are applying for an original, renewal or transfer HME, in accordance with 49 CFR Part 1572, published November 24, 2004, incorporated by reference and on file with the Arizona Department of Transportation. This incorporation by reference contains no future additions or amendments.

R17-4-703. Reeodified General Provisions

- A. An applicant for an HME shall comply with the provisions of 49 CFR 1572 and A.R.S. § 28-3103.
- B. The Division will not issue or renew an HME unless the Division receives a determination of No Security Threat from TSA.

R17-4-704. Reeodified Requirements for an HME

To receive an HME an applicant shall:

1. Possess a valid CDL.

Notices of Proposed Rulemaking

2. Be at least 21 years of age.
3. Successfully complete all required testing under Section R17-4-705.
4. Pay all applicable fees under R17-4-706.
5. Make application to TSA for a Security Threat Assessment, and
6. Receive a Determination of No Security Threat.

R17-4-705. ~~Revised~~ Required Testing

Original, transfer, and renewal applicants shall successfully complete the testing requirements under A.R.S. § 28-3103.

R17-4-706. ~~Revised~~ Fees

Applicants shall pay all applicable fees, as prescribed by:

1. TSA for a Security Threat Assessment, and
2. A.R.S. § 28-3002.

R17-4-707. ~~Revised~~ 60-Day Notice to Apply

- A. The Division shall notify an existing HME holder 60 days prior to expiration of a Security Threat Assessment that a new Security Threat Assessment shall be successfully completed to retain HME.
- B. An individual who fails to comply with the Division's notice under subsection (A) shall result in the cancellation of the individual's Arizona Driver License privileges.

R17-4-708. ~~Revised~~ Security Threat Assessment

- A. An applicant for an HME shall successfully complete a Security Threat Assessment every five years.
- B. An applicant subject to any of the following actions, as defined under A.R.S. § 28-3001, shall obtain a new Security Threat Assessment:
 1. Cancellation.
 2. Suspension for a period of over one year.
 3. Expiration for a period of over one year, and
 4. Revocation for a period of over one year.

R17-4-709. ~~Revised~~ Determination of Security Threat

Upon notification by TSA that an applicant has failed to pass the Security Threat Assessment:

1. The Division will immediately cancel the HME.
2. The Division will notify an HME holder with a Notice of Action that the holder has 15 days from notice date to have HME removed.
3. The applicant shall visit a designated CDL office for removal of HME.
4. An individual who fails to comply with the Division's Notice of Action will result in the cancellation of the applicant's Arizona Driver License privilege.
5. If otherwise qualified an applicant may continue to hold a CDL without an HME.

R17-4-710. ~~Revised~~ Requests for Administrative Hearing

- A. The Division will not accept a request for hearing for failure to qualify for an HME. In the event an applicant has failed to successfully complete the Security Threat Assessment, the applicant shall make appeal directly through TSA.
- B. An applicant whose Arizona driving privileges has been canceled under R17-4-707 or R17-4-709 may request an administrative hearing under 17 A.A.C. 1, Article 5.

R17-4-711. ~~Revised~~ HME on CDL Learner's Permit

In accordance with 49 CFR 383.23 the Division shall not issue an HME to an individual in possession of a CDL Learner's Permit.

NOTICE OF PROPOSED RULEMAKING

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 3. ARIZONA STATE LOTTERY COMMISSION

[R06-364]

PREAMBLE

1. Sections Affected:

	<u>Rulemaking Action</u>
R19-3-701	Amend
R19-3-702	Amend
R19-3-703	Amend
R19-3-704	Amend
R19-3-705	Amend
R19-3-706	Amend
R19-3-707	Amend
R19-3-708	Amend
R19-3-709	Amend

2. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: A.R.S. § 5-504(B)

Specific statute: A.R.S. § 5-504(C)

3. A list of all previous notices appearing in the Register addressing the proposed rules:

Notice of Rulemaking Docket Opening: 10 A.A.R. 424, February 6, 2004

Notice of Proposed Rulemaking: 10 A.A.R. 4565, November 12, 2004

Notice of Rulemaking Docket Opening: 12 A.A.R. 2775, August 4, 2006

4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: J. Art Macias Jr., Executive Director

Address: Arizona State Lottery
4740 E. University Drive
Phoenix, AZ 85034

Telephone: (480) 921-4505

Fax: (480) 921-4488

E-mail: amacias@azlottery.gov

or

Name: Pam DiNunzio

Address: Arizona State Lottery
4740 E. University Drive
Phoenix, AZ 85034

Telephone: (480) 921-4489

Fax: (480) 921-4488

E-mail: pdinunzio@azlottery.gov

5. An explanation of the rules, including the agency's reason for initiating the rules:

Article 7, Design and Operation of Instant Games, provides for the conduct of the Arizona Lottery's instant games. These rules are being amended to provide consistency with the Lottery's online game rules and to include additional game playstyles. Individual game details are fully described in the corresponding Game Profile as required by these rules. The provisions described in these rules explain the common components of instant games: game profiles, game playstyles, determination of a winning ticket, procedures required to claim prizes and the claim period, ticket validation requirements, and disputes concerning a ticket. These rules allow the Lottery to introduce new games in a timely manner and to respond to current market trends as authorized specifically by A.R.S. § 5-504(C).

6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, any analysis of each study, and other supporting material:

Notices of Proposed Rulemaking

None

7. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

The rules for Article 7, Design and Operation of Instant Games, describe various types of Lottery instant ticket games and procedures relating to these games. The Lottery anticipates amendments to this Article will impact the agency, Lottery retailers, Lottery players, and potentially State revenues.

A. The Arizona State Lottery.

Costs to the agency for this Article are included in the agency's appropriated budget. These rules provide for the effective management of the instant ticket product and allow the Lottery to introduce new instant games in a timely manner, thus providing the State and licensed retailers with the potential to increase sales revenue. The Lottery does not anticipate any additional costs to the agency as part of this rulemaking.

B. Businesses Directly Affected by this Rulemaking.

Lottery retailers are the only businesses affected by these rules. The rules specify how a retailer can determine if a ticket is a winning ticket, and if so, the prize amount. These rules allow the Lottery to introduce new instant games in a timelier manner, thus providing licensed retailers with a potential increase in sales revenue. Retailers currently receive \$.065 for each \$1 instant ticket transaction. An increase in instant ticket sales will also increase retailer commissions. In FY06, retailers earned over \$16 million in instant game commissions.

C. Consumers and the Public.

There are no costs to the public associated with the adoption of these rules. These rules will provide players with additional or enhanced instant ticket games to choose from.

D. State Revenues.

These rules allow the Lottery to respond more effectively to market trends, thus providing the State with the potential to increase sales revenue. Instant ticket sales for FY06 were \$249.8 million, of which \$62.9 million was returned to the State.

This rulemaking clarifies Lottery instant ticket game procedures and will not have any identifiable economic impact on political subdivisions of the state, or private and public employment.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: J. Art Macias Jr., Executive Director

Address: Arizona State Lottery
4740 E. University Drive
Phoenix, AZ 85034

Telephone: (480) 921-4505

Fax: (480) 921-4488

E-mail: amacias@azlottery.gov

or

Name: Pam DiNunzio

Address: Arizona State Lottery
4740 E. University Drive
Phoenix, AZ 85034

Telephone: (480) 921-4489

Fax: (480) 921-4488

E-mail: pdinunzio@azlottery.gov

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rules or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rules:

Date: November 17, 2006

Time: 10:00 a.m.

Location: Arizona Lottery
4740 E. University Drive
Phoenix, AZ 85034

Nature: Oral Proceeding

The close of record is 5:00 p.m. on November 16, 2006, for written comments and at the end of the oral proceeding for verbal comments.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 3. ARIZONA STATE LOTTERY COMMISSION

ARTICLE 7. DESIGN AND OPERATION OF INSTANT GAMES

Section

R19-3-701.	Definitions
R19-3-702.	Game Profile
R19-3-703.	Game Playstyle
R19-3-704.	Determination of a Winning Ticket
R19-3-705.	Ticket Validation Requirements
R19-3-706.	Ticket Ownership and Payment for Instant Prize Winnings <u>Responsibility; Prize Payment</u>
R19-3-707.	Claim Period
R19-3-708.	Procedure for Claiming Prizes
R19-3-709.	Disputes Concerning a Ticket

ARTICLE 7. DESIGN AND OPERATION OF INSTANT GAMES

R19-3-701. Definitions

In this Article, unless the context otherwise requires:

1. “Caption” means the printed characters appearing below a play symbol or prize symbol that verify and correspond with that symbol. No more than one caption will appear under a symbol.
- ~~1-2.~~ “Game profile” means the written document that includes in which the Lottery Commission authorizes the Director to issue an order that contains all of the non-confidential game information including, but not limited to, the game prize structure, game playstyle, and special game features fundamentals required by these rules for an instant game.
2. ~~“High tier” means any instant game ticket prize of \$600 or more.~~
- ~~3-3.~~ “Instant game” means a game that is played by removing the protective covering from a ticket to reveal the play and/or prize symbols ~~symbols, or prize symbols, or both~~ that determine if a ticket holder is entitled to a prize or prizes.
4. ~~“Low tier” means any instant game ticket prize of less than \$100.~~
5. ~~“Mid tier” means any instant game ticket prize of \$100 or more, up to and including \$599.~~
- ~~6-4.~~ “Pack” means a group of tickets bearing a common identification number.
- ~~7-5.~~ “Pack-ticket number” means a unique multi-digit number that includes a game number, a pack number, and a ticket number which distinguishes each ticket from every other ticket within an instant game.
- ~~8-6.~~ “PIN” means the designated characters within the validation number that allows an ~~on-line~~ online terminal to validate an instant ticket.
- ~~9-7.~~ “Play area” means the portion or portions of the ticket which contains the play symbol or symbols. More than one play area may appear on a ticket.
- ~~10-8.~~ “Play symbols” mean the numbers, letters, symbols, or pictures printed in the play area of each instant ticket ~~means the printed image or images that appear within the defined play area of the ticket that determine if the ticket holder is entitled to a prize or prizes.~~
11. ~~“Play symbol caption” means the printed characters under the protective covering on the ticket, located immediately below each play symbol, that verify the play symbol. No more than one play symbol caption appears under each play symbol.~~

Notices of Proposed Rulemaking

- ~~12-9.~~ “Prize structure” means the estimated ~~number, number of prizes, value, prize values,~~ and odds of winning prizes for an individual game.
- ~~13-10.~~ “Prize symbols” means ~~a character or characters printed~~ the printed image or images that indicates the prize or prizes available in that game, ~~as described in the Game Profile.~~
- ~~14.~~ “Prize symbol caption” means the printed characters under the protective covering on the ticket, located immediately below each prize symbol that verify the prize symbol. No more than one prize symbol caption appears under each prize symbol.
- ~~15-11.~~ “Retailer validation code” means the multiple letters in the play area, under the protective covering that verify ~~low and mid tier prize amounts~~ prizes less than \$600.
- ~~16.~~ “Theirs” means the opponent’s play area or areas, (for example, “dealer’s hand(s)”, “house card(s)”, “house roll(s)”).
- ~~17.~~ “Ticket” means ~~paper stock containing a play area or areas and the game play data for an individual game.~~
- ~~18.~~ “Ticket holder” means a person who has possession of an unsigned ticket, or a person whose signature appears on a signed ticket.
- ~~19-12.~~ “Validation number” means the unique multi-digit code ~~found under the protective covering~~ on each ticket that is used to validate winning tickets.
- ~~20.~~ “Yours” means the ticket holder’s play area or areas (for example, “your hand(s)”, “your card(s)”, or “your roll(s)”).

R19-3-702. Game Profile

- A.** The Commission shall approve the individual Game Profile prior to the game being introduced to the public for sale.
- B.** ~~A.~~ At a minimum, the Game Profile for each game shall contain the following information: Each game shall have a Game Profile and at a minimum, the Profile shall contain the following information:
1. Game name;
 2. Game number;
 3. Prize structure, ~~including the number and size of prizes available, free tickets, and merchandise prizes, if applicable;~~
 4. Game Playstyle;
 5. Play symbols, ~~including variant symbol or symbols, if any;~~
 6. Retailer validation codes;
 7. Special ~~feature, features,~~ if any;
 8. Retail sales price;
 9. How to play and win instructions;
 - ~~9-10.~~ Prize draw eligibility requirements, including filing period for eligibility in a winners drawing, if applicable.
- B.** The Commission shall approve the individual Game Profile prior to the game being sold to the public.

R19-3-703. Game Playstyle

- A.** The playstyle for an individual game shall be fully described in the Game Profile and shall be one of the following methods of play unless a different method is prescribed by another rule:
1. Match Two,
 2. Match Three,
 3. Add-up,
 4. Tic-Tac-Toe,
 5. Key Symbol or Symbols Match,
 6. Key Symbol or Symbols Beat,
 7. Symbols in Sequence,
 8. ~~Spellouts, Spell Outs,~~
 9. In Between,
 10. ~~Bingo. Bingo.~~
 11. Pattern.
 12. Legend.
 13. Coordinates.
 14. Find.
 15. Maze.
 16. Grid.
 17. Elimination.
 18. Sets.
- B.** More than one game and more than one playstyle may appear on a ticket.

R19-3-704. Determination of a Winning Ticket

- A.** The play symbols are the only determining factor for prize eligibility for a valid ticket.
- B.** For each play area on an individual ticket, the player shall remove the protective covering to find the play symbols, or the play and prize symbols. Eligibility to win a prize is based on compliance with the designated playstyle as follows:

1. Match Two. The player shall win the prize or prizes indicated by uncovering ~~2~~ two identical play symbols on a play area.
2. Match Three. The player shall win the prize or prizes indicated by uncovering ~~3~~ three identical play symbols on a play area.
3. Add-Up. The player shall win the prize or prizes indicated in either of the following ways:
 - a. The player adds up the play symbols and the amount is greater than or equal to the designated key symbol on the ticket, or
 - b. The player adds up the play symbols designated as "yours" for the player and the total is greater than or equal to the control key symbol or symbols ~~designated as "theirs"~~.
4. Tic-Tac-Toe. The player shall win the prize or prizes indicated by uncovering ~~3~~ three identical play symbols, in any row, or any column, or any diagonal, on a ~~9-symbol~~ multi-symbol grid on the play area.
5. Key Symbol or Symbols Match. The player shall win the prize or prizes indicated by uncovering a the play symbol or symbols ~~which is~~ identical to the designated key play symbol or symbols.
6. Key Symbol or Symbols Beat. The player shall win the prize or prizes indicated by uncovering the play symbol or symbols designated as "yours" for the player in the ticket play area which is greater than the control play symbol or symbols ~~designated as "theirs"~~.
7. Symbols in Sequence. The player shall win the prize or prizes indicated by uncovering the designated play symbols in the specified sequential order.
8. ~~Spellouts.~~ Spell Outs. The player shall win the prize or prizes indicated by uncovering the play symbols to form the designated word or words.
9. In Between. The player shall win the prize or prizes indicated by uncovering the play symbol or symbols designated as "yours" for the player with a value less than the highest control play symbol or symbols ~~designated as "their high card"~~ and greater than the lowest control play symbol or symbols ~~designated as "their low card"~~.
10. Bingo. The player shall win the prize or prizes indicated by uncovering the play symbols on the "Caller's Card" ~~designated~~ play area or areas that are identical to the play symbols ~~on one or more of the "Player's Card" which are located on the "Player's Card" in one or more of the following ways as indicated on the ticket:~~ uncovered on the control play area to form the specified pattern or patterns.
 - a. ~~Five consecutive play symbols, including the "free" play symbol, if appropriate, in any horizontal, vertical, or diagonal line; or~~
 - b. ~~Play symbols in all 4 corners; or~~
 - e. ~~All 5 consecutive play symbols in the top row, the bottom row, and the 1st and 5th columns, forming an outer frame pattern; or~~
 - d. ~~The 2nd, 3rd, and 4th play symbols in the 2nd row, the 4th row, the 2nd column, and the 4th column forming an inner frame pattern; or~~
 - e. ~~The 1st, 2nd, 4th, and 5th play symbols in the 1st, 2nd, 4th, and 5th rows, forming a box pattern in each of the 4 corners; or~~
 - f. ~~The 3rd play symbol in the 1st and 5th rows, the 2nd and 4th play symbols in the 2nd and 4th rows, and the 3rd play symbol in the 1st and 5th rows, forming a diamond pattern; or~~
 - g. ~~The 3rd, 4th, and 5th play symbols in the 1st and 5th rows, the 2nd and 3rd play symbols in the 2nd and 4th rows, the 3rd play symbol in the 1st row, and the "free" play symbol, forming an "A" pattern; or~~
 - h. ~~The 1st, 2nd, 3rd, 4th, and 5th play symbols in the 1st and 5th rows, and the 1st play symbols in the 2nd, 3rd, and 4th rows, forming a "C" pattern; or~~
 - i. ~~The 1st, 2nd, 3rd, 4th, and 5th play symbols in the 1st column, and the 2nd, 3rd, 4th, and 5th play symbols in the 5th row, forming an "L" pattern; or~~
 - j. ~~The 1st, 2nd, 3rd, 4th, and 5th play symbols in the 1st and 5th columns, and the 3rd play symbol in the 2nd and 4th columns, and the "free" play symbol, forming an "H" pattern; or~~
 - k. ~~The 1st, 2nd, 3rd, 4th, and 5th play symbols in the 1st row, and the 2nd play symbol in the 3rd column, the "free" play symbol, and the 4th and 5th play symbols in the 3rd column, forming a "T" pattern; or~~
 - l. ~~Five consecutive play symbols in both diagonals forming an "X" pattern; or~~
 - m. ~~The 1st, 2nd, 3rd, 4th, and 5th play symbols in the 1st row and 5th row, the 2nd play symbol in the 4th column, the "free" play symbol, and the 4th play symbol in the 2nd column, forming a "Z" pattern; or~~
 - n. ~~The 1st, 2nd, 3rd, 4th, and 5th play symbols in the 1st row, the 2nd play symbol in the 4th column, the "free" play symbol, the 4th play symbol in the 2nd column, and the 5th play symbol in the 1st column, forming a "7" pattern; or~~
 - o. ~~All of the play symbols in the 1st, 2nd, 3rd, 4th, and 5th rows, and the "free" play symbol, creating a "blackout"~~.
11. Pattern. The player shall win the prize or prizes indicated by uncovering the play symbol or symbols on a multi-symbol play area that follow a designated pattern.
12. Legend. The player shall win the prize or prizes indicated by uncovering the designated number or type of play symbols that correspond to a legend.

Notices of Proposed Rulemaking

13. Coordinates. The player shall win the prize or prizes indicated by uncovering a play symbol or symbols that direct the player to a location on the play area to reveal the specified play symbol, or the number or pattern of play symbols.
 14. Find. The player shall win the prize or prizes indicated by uncovering the designated play or prize symbol.
 15. Maze. The player shall win the prize or prizes indicated by uncovering the directional symbols to make a path or paths leading to a designated prize symbol.
 16. Grid. The player shall win the prize or prizes indicated by uncovering a specified number or pattern of play symbols on a grid on the play area.
 17. Elimination. The player shall win the prize indicated by uncovering the corresponding prize or symbol on a prize table to eliminate all but one remaining prize amount or symbol.
 18. Sets. The player shall win the prize or prizes indicated by uncovering the designated group or groups of play symbols, without repetition or deletion of any play symbol, within a specified location of the play area.
- C. Each of the playstyles described in subsection (B) may include a specific variant such as “automatic win feature”, “doubler feature”, “wild card”, or “free space” that provides added or alternative methods of winning, one or more special features such as “automatic win,” “multiplier,” “wild,” “win all,” “extra chance,” or “free space” that provides an added or alternative method of winning.

R19-3-705. Ticket Validation Requirements

- A. Each instant game ticket shall be ~~valid and~~ validated prior to payment of a prize.
- B. ~~To be a valid ticket, all of the following requirements shall be met~~ eligible for a prize, a ticket holder must present a ticket meeting all of the following requirements:
 1. ~~The ticket shall not be stolen or appear on any list of omitted tickets on file with the Arizona State Lottery Commission;~~
 2. ~~The ticket shall not be counterfeit or forged, in whole or in part;~~
 3. ~~The ticket shall not be mutilated, altered, unreadable, reconstituted, or tampered with in any manner;~~
 4. ~~The ticket shall not be blank, partially blank, misregistered, defective, or printed or produced in error;~~
 5. ~~The play and prize symbols shall have the captions that confirm and agree with those applicable to that instant game;~~
 6. ~~The ticket shall have been issued by the Arizona State Lottery Commission in an authorized manner;~~
 7. ~~The ticket shall have been legally obtained;~~
 8. ~~The ticket shall pass the all other confidential validation and security tests appropriate to the applicable playstyle determined by the Director;~~
 9. The ticket shall be validated in accordance with the provisions of sections R19-3-706 and R19-3-708.
 - ~~10.~~10. ~~The display printed on the ticket shall correspond precisely with the approved artwork on file at the Arizona State Lottery Commission;~~
 - ~~10.~~11. ~~The validation number of a winning ticket shall appear in the Arizona State Lottery Commission’s Lottery’s official file of validation numbers of winning tickets. A ticket with that validation number shall and shall not have been paid previously;~~
 - ~~11.~~12. ~~All of the ticket symbols originally printed on the ticket shall appear in the play area on the ticket and shall correspond to those shown in the Game Profile;~~
 - ~~12.~~13. ~~The play and prize symbols shall have the required captions that confirm and agree with those of the appropriate instant game;~~
 - ~~13.~~14. ~~The ticket shall contain exactly one ticket validation number, one retailer validation code, one a game number, one a pack-ticket number, a retailer validation code, a and one PIN number and at least one ticket validation number. The play and prize symbols, the play and prize symbol captions, ticket validation number, retailer validation code, game number, pack-ticket number, and PIN number shall be right side up and not reversed in any manner.~~
- C. If the ticket fails to pass any of the requirements in Section R19-3-705(B), the ticket is void and ineligible for any prize payout.

R19-3-706. Ticket Ownership and ~~Payment for Instant Prize Winnings~~ Responsibility; Prize Payment

- A. If the winning ticket was purchased by a group of players, the group shall designate one of the claimants to sign the ticket. Each claimant shall complete an individual form to receive the claimants’ portion of the prize. Until a ticket is signed, the ticket is owned by its physical possessor.
- B. The Arizona State Lottery Commission shall only make payment to the claimant, less any authorized debt set off amounts, who is also the ticket holder. The Director shall recognize as the owner of a winning instant ticket the person whose signature appears upon the ticket in the area designated for that purpose.
 1. If more than one signature appears on the ticket, the Director is authorized to require that one or more of those claimants be designated to receive the payment. A claim form shall be submitted by each claimant who is designated to receive a portion of the prize claimed from the winning ticket.
 2. Prior to payment of a prize, a claimant who has signed the ticket may designate another claimant to receive the prize by signing a relinquishment of claim statement.

3. When the winning ticket was purchased by a group of players, the group shall designate one of the claimants to sign the ticket for the group. Each claimant shall complete an individual claim form to receive the claimant's portion of the prize.
4. In the event there is an inconsistency in the information submitted on a claim form and as shown on the winning instant ticket, the Director shall authorize an investigation and withhold all winnings payable to the ticket owner or holder until such time as the Director is satisfied that the proper person is being paid.
- C. Prior to payment of a prize, a claimant who has signed the ticket may designate another claimant to receive the prize by signing a relinquishment of claim statement. Prior to paying the claimant a prize of \$600 or more, the Lottery shall match the winner's name against the lists of persons owing a debt to a participating state agency, furnished to the Lottery under A.R.S. § 5-525.
 1. If there is a match on any of the claims submitted with a ticket, the amount that is owed shall be deducted from the prize due the claimant.
 2. The claimant shall be notified in writing of the amount of the setoff and the agency to which it shall be paid.
 3. If the claimant has two or more agencies which are owed a debt, the Lottery shall pay a pro-rata share to each of the agencies, except that a Department of Economic Security overdue child support setoff shall be paid in full before any amount shall be paid to another agency.
 4. The claimant shall be notified in writing that a right to appeal the setoff exists and must be commenced within 30 days of the receipt of this notification. The notification shall include the name and address of the agency with which to file the appeal.
 5. If, after deducting withholding taxes and the setoff, a portion of the prize remains then that portion shall be paid to the winner with the notification of setoff.
 6. The amount of setoff shall be forwarded to the agency, and that agency shall be responsible for any appeal and crediting of the payment against the amount owed or refunding any amount to the winner.
 7. Upon a determination that a setoff is due, the winner loses the right under subsection (B)(2) to assign any portion of the claim.
- D. Prizes shall be paid by cash, check, or if requested by the player, by Lottery tickets.
 1. If a ticket contains more than one winning game play, any prize amounts shall be combined and paid in accordance with the prize payment limits specified in Section R19-3-708.
 2. Each winning game play wins the prize amount specified in the Game Profile.
- E. The Lottery is not responsible for lost or stolen tickets.

R19-3-707. Claim Period

- A. In order for the claimant to receive payment, a winning instant game ticket shall be received by the ~~Arizona State Lottery Commission~~ or a retailer no later than ~~5~~ 5:00 p.m. (Phoenix time) on the 180th calendar day following the announced end of the instant game.
- B. If a claimant presents a valid winning ticket to a retailer for payment on the 180th calendar day following the announced end of the instant ticket game and is not paid the prize, the Director is authorized to pay the prize if the claimant presents the valid winning ticket to the Lottery no later than 5:00 p.m. (Phoenix time) on the following business day.
- ~~B.C.~~ In the case of a drawing prize, the claimant must claim the prize no later than 5:00 p.m. (Phoenix time) on the final day designated by the Director and on file at the ~~Arizona State Lottery Commission~~.
- ~~C.D.~~ The end of an instant game shall be designated by the Director and on file at the ~~Arizona State Lottery Commission~~.
- ~~D.~~ The Director is authorized to place any person's eligible entry that was not entered in the grand prize drawing into a subsequent grand prize drawing or drawings which have an equal or greater grand prize value.

R19-3-708. Procedure for Claiming Prizes

- A. To claim a low or mid-tier instant game cash prize, a claimant may take the ticket to a retailer or to a Lottery office, or mail the ticket to a Lottery office for validation. If the claim is verified and the ticket is validated as a winning ticket, the ~~Arizona State Lottery Commission~~ or the retailer shall make payment of the amount due to the claimant. If the retailer does not verify the claim, validate the ticket, or pay the amount due, the claimant may take or mail the ticket to a Lottery office for verification and validation. If the ticket is validated in accordance with these rules, the claimant shall receive payment. To claim a prize of up to and including \$599, the claimant shall present the ticket to any participating licensed retailer or to a Lottery office, or mail the ticket to a Lottery office for validation. The licensed retailer shall pay a winner a prize up to and including \$100 and may pay a winner a prize up to and including \$599 provided that:
 1. All of the ticket validation criteria in Section R19-3-705 have been satisfied; and
 2. A proper validation slip, which is an authorization to pay, has been issued by the terminal.
- B. To claim a high-tier instant game prize, the claimant shall sign the back of the ticket, and take or mail the ticket and claim form to a Lottery office for validation. If the claim is verified and the ticket is validated as a winning ticket, the ~~Arizona State Lottery Commission~~ shall make payment of the amount due to the claimant. The claimant shall be notified if the ticket is not validated as a winning ticket by the ~~Arizona State Lottery Commission~~. To claim a prize that the retailer does

Notices of Proposed Rulemaking

not validate or is not authorized to pay, including all prizes of \$600 or more, the claimant shall submit a claim form, available from any retailer, and the ticket to the Lottery. If the claim is:

- 1. Verified and validated by the Lottery as a winning ticket, the Lottery shall make payment of the amount due to the claimant, less any authorized debt setoff amounts, or withheld taxes, or both.
2. Denied by the Lottery, the claimant shall be notified within 15 days from the day the claim is received in the Lottery office.

- C. If a prize winner dies prior to receiving full payment, the Arizona State Lottery Commission shall pay all remaining prize money to the prize winner's beneficiary or to any person designated by an appropriate judicial order.
D. The Arizona State Lottery Commission shall be discharged of all liability upon payment of the prize money.
E. Payment of prize money shall not be accelerated ahead of its normal date of payment.

R19-3-709. Disputes Concerning a Ticket

- A. If a dispute between the Arizona State Lottery Commission and a claimant occurs concerning a ticket, the Director is authorized to replace the disputed ticket with a ticket or tickets of equivalent sales price from any current instant game.
B. If a defective ticket is purchased, the Arizona State Lottery Commission shall replace the defective ticket with a ticket or tickets of equivalent sales price from any current instant game.
C. The Arizona State Lottery Commission shall not be liable for paying the difference in a prize amount previously paid to a claimant and the actual amount that should be paid unless the claimant provides documentation establishing:
1. That the claimant was paid the lesser amount; and
2. That the claimant is entitled to a greater amount, according to the records on file at the Arizona State Lottery Commission and the criteria set forth in these rules and in orders for the game approved by the Arizona State Lottery Commission pursuant to A.R.S. § 5-504(C).

Replacement of the disputed ticket is the sole and exclusive remedy for a claimant.

- D. If a dispute between the Lottery and a claimant occurs concerning the eligibility of an entry into a second chance or promotional drawing, the Director is authorized to place any person's eligible entry that was not entered in that drawing into any subsequent drawing or drawings.

NOTICE OF PROPOSED RULEMAKING

TITLE 20. COMMERCE, FINANCIAL INSTITUTIONS, AND INSURANCE

CHAPTER 1. DEPARTMENT OF COMMERCE

[R06-361]

PREAMBLE

1. Sections Affected

- Article 8
R20-1-801
R20-1-802
R20-1-803
R20-1-804
R20-1-805
R20-1-806
R20-1-807
R20-1-808
R20-1-809
R20-1-810
R20-1-811
R20-1-812

Rulemaking Action

- New Article
New Section

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: A.R.S. § 41-1504(B)(4)
Implementing statute: A.R.S. § 41-1505.03

3. List of all previous notices appearing in the register addressing the proposed rule:

Notice of Rulemaking Docket Opening: 12 A.A.R. 2850, August 11, 2006

4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Thomas Doyle

Notices of Proposed Rulemaking

Address: Department of Commerce
1700 West Washington Street, Ste. 420
Phoenix, AZ 85007

Telephone: (602) 771-1212

Fax: (602) 771-1210

E-mail: Thomasd@azcommerce.com

5. An explanation of the rule, including the agency's reasons for initiating the rule:

In this rulemaking, the Department of Commerce addresses accreditation of rural entities for participation in the Rural Economic Development Initiative program. Annually, the Department accredits two entities that the Department determines are ready for economic development. The rulemaking establishes accreditation-eligibility criteria, application procedures, and selection criteria.

6. A reference to any study relevant to the rule that the agency reviewed and either proposes to rely on or not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, any analysis of each study, and other supporting material:

None

7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

Accreditation by the Department's REDI program has major economic benefits for an entity. The program provides direct assistance in managing an economic development program, evaluating community resources, and targeting strategies to increase job opportunities and investment in the entity. The program also provides matching grant funding for consulting services, resource document development, marketing activities, and specific studies or projects that have statewide benefit.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Thomas Doyle

Address: Department of Commerce
1700 West Washington Street, Ste. 420
Phoenix, AZ 85007

Telephone: (602) 771-1212

Fax: (602) 771-1210

E-mail: Thomasd@azcommerce.com

10. The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Two oral proceedings regarding the proposed rules will be held as follows:

Date: Monday, November 13, 2006

Time: 3:00 p.m.

Location: 1700 West Washington Street
Grand Canyon room
Phoenix, AZ 85007

Date: Tuesday, November 14, 2006

Time: 3:00 p.m.

Location: 1801 West Route 66, Ste. 117
Flagstaff, AZ 86001
(928) 779-0313

The rulemaking record will close at 5:00 p.m. on Friday, November 17, 2006.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rule follows:

TITLE 20. COMMERCE, FINANCIAL INSTITUTIONS, AND INSURANCE

CHAPTER 1. DEPARTMENT OF COMMERCE

ARTICLE 8. RURAL ECONOMIC DEVELOPMENT INITIATIVE PROGRAM

Section

<u>R20-1-801.</u>	<u>Definitions</u>
<u>R20-1-802.</u>	<u>Entities Accredited before the Effective Date of this Article</u>
<u>R20-1-803.</u>	<u>Accreditation Prerequisites</u>
<u>R20-1-804.</u>	<u>Annual Application Period</u>
<u>R20-1-805.</u>	<u>Application for REDI Accreditation</u>
<u>R20-1-806.</u>	<u>Application Processing and Time-frames</u>
<u>R20-1-807.</u>	<u>Scoring Applications for Accreditation</u>
<u>R20-1-808.</u>	<u>Department Responsibilities</u>
<u>R20-1-809.</u>	<u>Continuing Accreditation Requirements</u>
<u>R20-1-810.</u>	<u>Eligibility for Program Grants</u>
<u>R20-1-811.</u>	<u>Revocation of Accreditation</u>
<u>R20-1-812.</u>	<u>Appeals</u>

ARTICLE 8. RURAL ECONOMIC DEVELOPMENT INITIATIVE PROGRAM

R20-1-801. Definitions

The definitions in A.R.S. § 41-1501 apply to this Article. Additionally, in this Article:

“Accredited” or “accreditation” means certified by the Department as meeting all the requirements in this Article for participation in REDI.

“Economic development program” means a plan of work for accomplishing economic goals and objectives.

“Entity” means:

A city, town, or county governmental jurisdiction or an organization of city, town, or county governmental jurisdictions;

A tribal jurisdiction or tribal subdivision recognized by the governments of the United States and Arizona; or

A non-profit organization authorized by and partnering with a governmental jurisdiction.

“Governing organization” means a group with legal authority to raise and administer public or private funds and to set and implement policy for an entity.

“Metropolitan Phoenix” means the following communities:

Avondale.

Carefree.

Cave Creek.

Chandler.

El Mirage.

Fountain Hills.

Gilbert.

Glendale.

Goodyear.

Guadalupe.

Litchfield Park.

Mesa.

Paradise Valley.

Peoria.

Phoenix.

Scottsdale.

Sun City.

Sun City West.

Surprise.

Tempe,
Tolleson, and
Youngtown.

“Metropolitan Tucson” means the following communities:

Marana,
Oro Valley,
Tucson, and
South Tucson.

“Program manager” means the individual authorized by the governing organization to represent an accredited entity or an entity seeking accreditation and who maintains contact with the Department.

“REDI” means the Rural Economic Development Initiative Program.

“Rural” means having a population of less than 50,000 according to the most recent U.S. decennial census and geographically located outside metropolitan Phoenix and metropolitan Tucson.

R20-1-802. Entities Accredited before the Effective Date of this Article

- A.** An entity accredited before the effective date of this Article is not required to apply and compete for accreditation under this Article if the entity is eligible under subsection (B) and provides the notice required under subsection (C).
- B.** An entity accredited before the effective date of this Article is eligible to continue accreditation only if the entity has done the following within the 12 months before the effective date of this Article:
1. Participated in at least 50 percent of the conference calls scheduled by the Department;
 2. Notified the Department of any change in program manager; and
 3. Attended at least one of the following: the REDI annual meeting, REDI-sponsored training, or financial or economic development conference sponsored by the Department.
- C.** To continue accreditation, the program manager of an entity that is eligible under subsection (B) shall provide to the Department written notice of intent to continue participation within 45 days after the effective date of this Article.
- D.** The Department shall issue a written notice of accreditation under this Article to the program manager and governing organization of an entity that is eligible under subsection (B) and provides the notice required under subsection (C). The Department shall issue a written notice of revocation of accreditation to the program manager and governing organization of an entity that is not eligible under subsection (B) or does not provide the notice required under subsection (C).

R20-1-803. Accreditation Prerequisites

- A.** An entity that does not meet the requirements of R20-1-802 may receive accreditation only by complying with the competitive application requirements of this Article.
- B.** The Department shall not accept an application for accreditation from an entity unless the entity:
1. Is rural or is an organization of rural entities;
 2. Has an economic development program;
 3. Designates a program manager; and
 4. Dedicates local staff resources to REDI as follows:
 - a. If the entity has a population of less than 25,000, at least one part-time staff person, who may be a volunteer;
 - b. If the entity has a population of more than 25,000 but less than 50,000, at least one part-time employee; or
 - c. If the entity is an organization of rural entities with a combined population of 50,000 or more, at least one full-time employee.

R20-1-804. Annual Application Period

- A.** The Department shall accredit only two entities each year after the effective date of this Article.
- B.** The Department shall announce the annual application period and deadline for applications for REDI accreditation by written notice to all rural entities in the state.
- C.** At its annual Rural Development Conference, the Department shall conduct a pre-application workshop to provide information on the program and application requirements.

R20-1-805. Application for REDI Accreditation

- A.** To apply for REDI accreditation, the program manager shall submit to the Department an original and four copies of the following:
1. A completed, typed application form, which is available from the Department, that provides the information required under subsection (B);
 2. The narrative listed in subsection (C);
 3. The supporting documents listed in subsection (D);
 4. If applicable, the plan required under subsection (E); and
 5. If desired, the supporting materials listed in subsection (F).
- B.** The program manager shall provide the following information on the application form:

Arizona Administrative Register / Secretary of State
Notices of Proposed Rulemaking

1. Date of application;
 2. Name of the entity making application;
 3. County in which the applicant entity is located;
 4. Population of the applicant entity, as reported in the most recent U.S. decennial census;
 5. The following information about the program manager:
 - a. Name;
 - b. Title;
 - c. Name of the organization employing the program manager;
 - d. Mailing address;
 - e. Telephone and fax numbers;
 - f. E-mail address, and
 - g. Signature.
- C.** The program manager shall submit a narrative containing:
1. What the entity expects to achieve through REDI accreditation;
 2. A description of current entity development and economic trends;
 3. How the current development and economic trends are expected to be affected by REDI;
 4. A description of the major assets and challenges of the entity;
 5. An identification of any other organization within the entity that has programs or activities that could affect economic development, a description of the programs or activities, and the manner in which the other organization was informed about this application;
 6. The following information, if applicable, about an existing industrial park within the entity:
 - a. Square footage of the industrial park facility;
 - b. Infrastructure supporting the industrial park;
 - c. The number of businesses by type within the industrial park; and
 - d. Size of the land parcel on which the industrial park facility is located and value of the land;
 7. Whether the entity received grants or monies for economic development from any other governmental unit within the last three years and if so:
 - a. The amount of monies received;
 - b. How the monies were used; and
 - c. A description of results obtained with the monies;
 8. A description of how local governmental units have previously supported economic development; and
 9. A description of the entity's business assistance program.
- D.** The program manager shall submit the following supporting documents:
1. A resolution supporting participation from the entity's governing organization;
 2. The entity's current economic development program, including:
 - a. Mission statement;
 - b. Goals and objectives;
 - c. Implementation strategy;
 - d. Annual evaluation process, and
 - e. Projected annual budget;
 3. Resolutions or letters of support for REDI participation from organizations that will participate with the entity in REDI;
 4. The comprehensive plan of the community or county in which the entity is located;
 5. Documentation of the entity's legal status if the entity is a non-profit organization;
 6. The entity's budget for the current and two preceding years;
 7. Documentation of funding commitments for REDI; and
 8. Resume of professional staff who will be assigned to REDI;
- E.** If the entity is a group of governmental jurisdictions applying for regional REDI accreditation, the program manager shall submit a written plan regarding:
1. Managing and pooling resources;
 2. Adding or removing a governmental jurisdiction from the group and providing notice of the change to the Department;
 3. Promoting equitable treatment of the various governmental jurisdictions; and
 4. Resolving conflict within the group.
- F.** The program manager may submit the following in support of the entity's application:
1. A map and inventory of industrial and commercial sites and buildings;
 2. A marketing plan;
 3. An analysis of the target market for new business attraction and development;
 4. Promotional materials for economic development, if any

5. A list of members of a local client or development team; and
6. An assessment of telecommunication infrastructure capabilities and needs.

R20-1-806. Application Processing and Time-frames

- A.** The Department shall perform an administrative review of each application within 45 days of the application deadline under R20-1-804 and provide each program manager with written notice stating whether the application is accepted for scoring or rejected. The Department shall include with any notice of rejection the reason that the application did not meet the requirements of R20-1-805. The Department shall not accept another application from a rejected entity until the next application period.
- B.** The Department shall score all completed applications within 90 days of the close of the administrative completeness review period, using the criteria in R20-1-807 to determine which entities to accredit.
- C.** At the end of the 90 days under subsection (B), the Department shall provide written notice of the score to entities and advise whether they have been accredited.

R20-1-807. Scoring Applications for Accreditation

The Department shall use the criteria in this Section to score an application for accreditation. The Department shall score each criterion using a scale of zero to 10 points. The Department shall accredit annually the two entities receiving the highest score. To break a tied score between two entities, the Department shall rescore the applications.

1. How well defined is the entity's expectation of and plan for participating in REDI?
2. To what extent does the entity demonstrate current economic and development trends within REDI parameters?
3. To what extent is there potential for REDI to affect the entity's current economic and development trends?
4. To what extent has the entity identified major assets and challenges that will facilitate or benefit from REDI participation?
5. How accurately were other organizations within the entity that have programs or activities that could affect economic development identified? Was there documentation that these organizations were informed of the REDI application?
6. Has the entity received grants or monies for economic development from another governmental unit? If so, how well were the monies used and to what extent were intended results obtained?
7. To what extent have local governmental units or organizations within the entity previously supported economic development?
8. To what extent are local governmental units and organizations within the entity currently providing assistance to existing businesses?
9. To what extent has the entity demonstrated budget and funding commitments necessary to support REDI participation?
10. If the entity is a group of governmental jurisdictions, to what extent has the entity developed an adequate plan for coordination and cooperation among the group members?

R20-1-808. Department Responsibilities

- A.** Except for an entity accredited under R20-1-802, the Department shall conduct an evaluation within one year of accrediting an entity and issue a written report containing findings and recommendations.
- B.** The Department shall publish at least annually a schedule of conference calls, meetings, conferences, and other events available and required to maintain accreditation. The Department shall include in the schedule the dates grants may become available for accredited entities. The Department shall make the schedule available during business hours and post it on the Department's web site.
- C.** The Department shall visit each accredited entity at least annually to assess implementation of REDI.
- D.** The Department shall send a reminder notice to each program manager regarding the annual letter of intent described in R20-1-809(G).

R20-1-809. Continuing Accreditation Requirements

- A.** To remain accredited, an entity shall meet the participation and reporting requirements of this Section.
- B.** An accredited entity shall authorize a new program manager within 15 days after a vacancy occurs in the program manager position. The accredited entity shall provide immediate written notice to the Department of the new program manager's name, mailing address, e-mail address, and telephone and fax numbers.
- C.** An accredited entity shall ensure that a designated representative attends an annual meeting with the Department to establish goals and objectives for the following year.
- D.** An accredited entity shall ensure that a designated representative attends at least one conference scheduled by the Department addressing financial management and economic development.
- E.** An accredited entity shall ensure that a designated representative participates in monthly conference calls with the Department.
- F.** If an accredited entity receives a grant from REDI, the accredited entity shall use the REDI logo authorized by the Department in all program promotional or marketing material paid for with the grant of REDI funds. An accredited entity may,

Notices of Proposed Rulemaking

but is not required to use the REDI logo in promotional or marketing material that is not paid for with a grant of REDI funds.

- G. An accredited entity shall submit annually a letter indicating whether the entity intends to continue participating in REDI.
- H. An accredited entity that grows to a population of more than 50,000 retains its accreditation as long as it meets the requirements of this Section.

R20-1-810. Eligibility for Program Grants

- A. Except as provided in subsection (C), an accredited entity may apply for grant funding according to the schedule under R20-1-808. The Department shall award grants, when funding is available, under the procedures in A.R.S. § 41-2701 et seq.
- B. To receive a grant, an accredited entity shall match grant dollars as follows:
 1. If the accredited entity has a population of less than 25,000: 50%;
 2. If the accredited entity has a population of 25,000 or more but less than 50,000: 100%;
 3. If the accredited entity is an organization of governmental jurisdictions each of which has a population of less than 25,000: 50%;
 4. If the accredited entity is an organization of governmental jurisdictions each of which has a population of 25,000 or more but less than 50,000: 100%; and
 5. If the accredited entity has grown to a population of more than 50,000 since accreditation: 100%.
- C. The Department shall suspend an accredited entity's eligibility for grants if the accredited entity fails to meet the requirements of R20-1-809. The Department shall provide written notice to the entity's governing organization and program manager explaining the requirement that must be met and allowing 30 days from the date of the written notice to comply. If the accredited entity does not comply by the date specified in the notice, the Department shall provide written notice to the entity's governing organization and program manager that grant eligibility is suspended until compliance is achieved and provide notice of revocation of accreditation under R20-1-811.

R20-1-811. Revocation of Accreditation

- A. The Department shall provide written notice to the governing organization and program manager of an accredited entity that fails to comply with R20-1-809 for 120 days. The Department shall include a copy of this Section with the notice.
- B. The program manager may provide the Department with a written statement of intent to maintain accreditation within 60 days of the date of the Department's notice under subsection (A).
- C. If the Department does not receive the statement of intent to maintain accreditation described in subsection (B), the Department shall provide written notice to the entity's governing organization and program manager that the entity is no longer accredited. To become accredited again, the entity shall meet all of the competitive application requirements of this Article.
- D. If the program manager provides a statement of intent to maintain accreditation, the accredited entity has 120 days from the date of the statement to be in full compliance with R20-1-809.
- E. If the accredited entity is not in full compliance with R20-1-809 within the 120 days provided under subsection (D), the Department shall provide written notice to the entity's governing organization and program manager that the entity is not accredited. To become accredited again, the entity shall meet all of the competitive application requirements of this Article.

R20-1-812. Appeals

- A. An entity whose accreditation is revoked or whose eligibility for grant funding is suspended by the Department may file an appeal with the Department by submitting a letter to the Director providing the reason for appealing the decision within 30 working days from the date on the written notice.
- B. The Director shall review the substance of the appeal and respond in writing within 30 working days after receiving the appeal letter.
- C. An appeal beyond the Department is conducted under A.R.S. Title 41, Chapter 6, Article 10, and the rules established by the Office of Administrative Hearings.